

Final submission to the Independent Review of Aid Effectiveness



Five essential changes required to improve the effectiveness of Australia's aid program

World Vision Australia's first submission to the Review provided input to all nine Review TORs. In that submission we recognised that there have been major improvements in human welfare in recent years through new technologies, economic growth and improvements in aid. Improvements in Australia's aid program have been considerable and World Vision believes that this needs to be recognised in this review of Australian development assistance.

Some of the good news includes significant drops in child and maternal mortality, the turnaround in the HIV epidemic and strong progress towards the MDGs in many countries and especially in our region.¹ However there are still around 8 million children and 350,000 mothers dying each year around the world and these figures alone must drive us to further improve development policy and practice.

This final submission looks in more depth at five steps which World Vision believes are the most critical to improving the effectiveness of the Australian aid program:

1. Increase openness and transparency
2. Make access to essential services the foundation of the Australian aid program
3. Focus on the poorest and weakest
4. Increase accountability to communities and partner countries, and be more flexible
5. Ensure coherence of development policy and greater international leadership by Australia.

1. Increase openness and transparency

Despite some improvements in the openness of AusAID there is still a long way to go. Consultation with civil society in Australia and in partner countries is limited and often poorly implemented and engagement with communities affected by Australian aid projects is poor. Provision of information at the activity level is patchy and often years out of date.

World Vision believes that a more open and transparent aid program is probably the single biggest step that can be taken to improve the effectiveness of AusAID's programs – it will increase the range and quality of voices feeding into aid program design and implementation, it will allow more rapid learning from experience, quicker corrections to implementation problems and fraud and will improve the relevance and sustainability of activities by including the voice of project communities.

To increase openness and transparency AusAID should:

- Develop a systematic approach to widen and improve the quality of consultation with civil society groups in Australia on the design and evaluation of country and sector strategies and on significant aid activities.
- Include community representatives and partner country civil society in the design, implementation and review of all program activities. Make use of the extensive networks of Australian NGOs to build consultation with partner country civil society.
- Ensure that women have near equal representation in all consultations and that the poorest and most marginalised people, including children and youth are also included.
- Significantly increase the number of aid activities evaluated and ensure evaluations are made public within 6 weeks of their conclusion. The annual review of development effectiveness should be published each

year and promoted widely, major sector reviews published at least each two years and publish country program strategy mid-term reviews.

- Consider making the Office of Development Effectiveness an independent body such as the Commission for Aid Impact in the UK.
- Fully meet International Aid Transparency Initiative standards.
- Provide an up-to-date database of all current aid activities on the AusAID website, including activities delivered through other government departments. The database should cover at least those fields currently reported to the OECD Development Assistance Committee Creditor Reporting System.²
- Increase the longevity and predictability of Australian aid activity funding – provide a minimum of 4 years (and preferably longer) funding for all major activities and publish forward estimates for all country programs and sectors.
- The Government should establish a *Civil Society Advisory Panel on Climate Change Finance* for developing countries to help promote transparency and accountability and maximise the effectiveness of funding for this important and growing issue.
- Increase resources in the community and NGO outreach section of AusAID to build the level of public knowledge of Australia’s development assistance program.
- Increase parliamentary oversight of Australia’s expanding aid program by appointing a Minister or Parliamentary Secretary for Development Assistance.
- Consider establishing a Parliamentary Sub-Committee on Development Assistance within the Joint Standing Committee on Foreign Affairs, Defence and Trade to increase parliamentary knowledge and involvement with Australia’s aid program.
- Members of Parliament have a great deal of reading each year. AusAID should produce a brief annual summary of the aid program for MPs and the public which explains the overarching issues and statistics and conveys the impact of the aid program through the real stories of people in partner countries. Most MPs will not get to regularly visit AusAID projects and at present the stories they hear and remember on aid are often only the critical ones from the press.

2. Make access to essential services the foundation of the Australian aid program

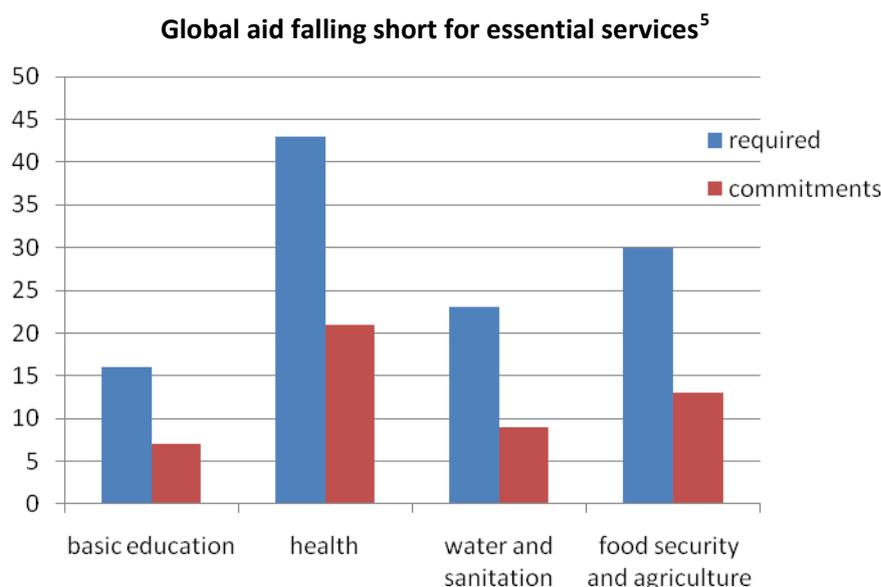
The MDGs focus on the essentials and so should the Australian aid program. The Government has driven a much stronger focus on the MDGs in recent years and there have been a welcome increase in funding for the essential services of basic education, health, food and sanitation. This strategy needs to be extended further. It is also in accord with the stated policies of partner countries that have similarly committed to the MDGs.

While economic growth is critical for sustained poverty alleviation, the evidence is at best weak that aid interventions can significantly improve growth and drive sound economic and social governance. This is not surprising given the complexities of effective economic growth strategies and the relatively low levels of incentive available through aid. Significant influence on governance and economic policy usually requires much larger incentives than conventional aid levels can provide – for example, the incentive for countries to join the EU.

In contrast aid has been proven to be effective at helping to provide essential services for the poor – better food and nutrition (MDG1), improved education (MDG 2), improved health and hygiene (MDGs 4,5,6,7). Some measures of these successes include significantly decreased maternal and child deaths, millions more children in school, cuts in new HIV infections and AIDS and malaria deaths. In each of these areas the major constraint is not lack of knowledge but lack of money and the main reason for this is that many donors (including Australia) and many developing nations have failed to provide the level of resources they have promised.³

In fact assistance to provide essential services is amongst the most reliable and cost effective of aid interventions.⁴

The chart below summarises the best estimates available of the annual donor funding required and compares them with the latest actual funding levels for essential services.



The good news is that the levels of funding required are achievable when these sectors are given greater priority in aid programs. For example, **providing Australia’s fair share of the aid required for these essential services will require a little less than half of the projected Australian aid over the next five years.**⁶ However our fair share of funding for essential services will not be met by the growth in the aid program alone – it will require increasing the *share* of the aid budget going to health, water and sanitation and food security and agriculture. Only basic education is currently at the appropriate level.

This expenditure would have a number of benefits including:

- helping a large number of people meet their basic needs with many lives saved – estimated at over 500,000 per year.⁷
- a major contribution to building community resilience in developing countries in response to growing threats such as climate change
- a significant contribution to the MDGs and other global commitments
- strong encouragement of other donors to meet their share of aid commitments
- the sort of aid outcomes that Australians expect of their aid program⁸
- an essential foundation for other aid program goals including building the human resources which are required for economic growth
- a high certainty of very large, measurable achievements for the aid program which will cut political risk.

To provide sufficient support for essential services the Australian Government should:

- Make sure Australia provides its fair share of aid funding required for the essential services of basic health, education, food security and water and sanitation – this will require an average of approximately \$1200 m a year for health, \$450 million for basic education, \$600 million for water, sanitation and hygiene and \$800 million for agriculture and food security.⁹
- Work with other donors to encourage adequate and coordinated support for essential services and provide leadership in our region on this issue.
- Support country plans and systems to achieve effective coverage of these essential services – only support parallel systems as an interim measure where there are no other options. Strongly encourage, at all levels of cooperation, partner governments to give adequate priority to these areas in line with mutual commitments to the MDGs and international human rights agreements.

- Ensure adequate resources get to these services - maximise the transfer of resources to services on the ground and minimise transfers of resources to consultants.¹⁰
- Wherever possible reduce administrative burden for Australia and partner countries and maximise coordination by channelling funding through effective multilateral programs of support for these basic services.
- Support improved governance in service provision at all levels - national, provincial and local - and assist partner countries to effectively monitor the quality and equitable coverage of these essential services.¹¹

3. Focus on the poorest and weakest

The geographic distribution of Australia’s aid should be shaped by three main factors – the proximity to Australia, the level and scale of unmet poverty needs and the ability of Australia to meet these needs. No doubt there will continue to be other diplomatic and strategic factors which shape the distribution of aid, however these should be kept to a minimum. Poverty reduction is what Australians expect their government to focus on¹² and the Australian government has promised to focus on poverty reduction through its commitment to the MDGs and other international agreements.

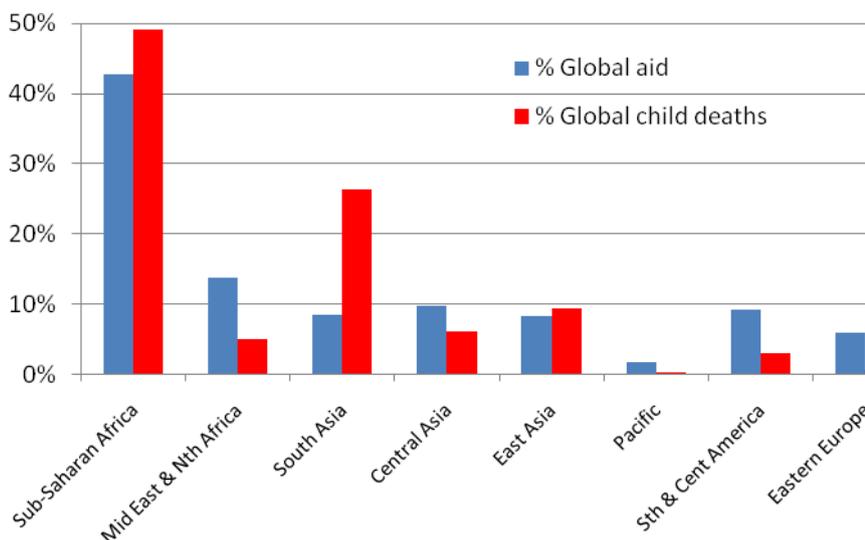
Australia’s first responsibility is to our closest neighbours, however that is not where our responsibilities end. We need to guard against giving too much support to neighbours that already receive high or very high levels of per capita aid and giving too little to others that may have much bigger problems. The table below of total per capita aid to countries highlights some current anomalies.

Total aid per capita from all donors – 2009¹³

<i>Region/country</i>	<i>Total aid per capita US\$</i>
The Pacific	183.84
Middle East	56.23
Sub-Saharan Africa	50.25
South and Central America	15.83
South East Asia	12.73
South Asia	5.34

Another key example of the poor distribution of aid is the comparison of the geographic distribution of aid with the distribution of a key development indicator – child deaths. The chart below highlights in particular the shortage of support for South Asia.

Distribution of global aid compared with global child deaths¹⁴



Low income countries have obvious needs for assistance and require significant resource transfers. However there are also large numbers of very poor people in some middle income countries. Aid for such countries might involve resource transfers to poorer provinces as well as higher level technical cooperation.

In recent years many countries have experienced significant economic growth, however average incomes often disguise increases in inequality. For practical, poverty reduction purposes it makes more sense to think of some middle income countries (eg Indonesia and India) as composed of sub-countries, some of which do not need much assistance and others that do.

Within all countries our aid should give particular attention to the poorest and most marginalised. This means ensuring that all people have access to the basic services they need, but also that their basic rights such as protection from violence and exploitation and their right to participate are supported. This has significant implications for Australia's work with women, ethnic and religious minorities, children and people with disabilities. **Our aid program can truly be judged by how much it benefits the weakest.**

The following steps are necessary to improve the poverty focus of Australia's aid program:

- Increase the level of funding for the provision of essential services – this will automatically tend to focus resources on the poor.
- Involve the poorest people in each community in the design, implantation and evaluation of Australian aid programs and build continuing dialogue with civil society groups in each country that represent the poor. In all monitoring and evaluation reports include an analysis of how the activity under review is assisting the poorest.
- Assist partner countries to effectively monitor the poverty status of the poorest and most marginalised groups and to produce gender disaggregated analysis.
- Provide greater support for donor orphan countries in South Asia, including India. India has one fifth of all child deaths and a lower per capita income than many other countries that Australia supports. India has rejected aid from small donors in the past, arguing it was not worth the administrative burden but Australia should actively seek ways of assisting India (either bilaterally or through partnerships with other donor countries and multilaterals) to achieve the MDGs. Recent negotiations with the Indian Foreign Ministry have resulted in a large number of cooperative programs with Australia – antipoverty programs are a glaring omission.
- To guard against spreading the program too thinly, wherever possible support effective multilateral programs (either through core funding or joint projects) and delegate or partner with other effective donors.
- Develop an active program to assist partner countries to enhance the legal and practical protection of women's rights and the economic inclusion of women. Raise the issue of equal rights for women at all levels of dialogue with partner countries.
- Develop an active program to assist partner countries to enhance the legal and practical protection of children against abuse, trafficking and other forms of exploitation and neglect. Build on the successful strategies implemented in South East Asia in other regions such as the Pacific and Africa.
- Develop an active program to assist partner countries to enhance the legal and practical protection and inclusion of people with disabilities.
- Provide long term and more predictable funding for protracted crises.
- Focus on inclusion of the poorest in all activities supporting economic development.
- Consider the use of cash transfer programs. In many countries these have proven to be an efficient and effective way of reducing poverty and improving a range of outcomes including health, education, and the position of women.

4. Increase accountability to communities and partner countries, and be more flexible

AusAID has taken a number of steps to improve its effectiveness and efficiency including a greater focus on the MDGs, increased compliance with the Paris and Accra principles, the devolution of programming to country posts, increased consultation with civil society, improved evaluation processes, reductions in use of consultants and staff turnover. However various analyses such as the CGD's Quoda index, the DAC peer review and Paris Declaration monitoring indicate that Australia can still make further significant improvements.

World Vision recommends the following priority operational strategies:

- Continue efforts to meet the Paris and Accra principles - especially country ownership, greater use of country systems, greater predictability and longer term aid. The model of Pacific Partnerships for Development, including annual or six monthly dialogues, should be extended to other country partners and mutually agreed outcome-based conditions should form the basis of program accountability.
- The number of activities funded should be decreased by providing more support through multilaterals and other partners and providing greater budget and sector wide support. At the same time there needs to be more flexible funding for NGOs and for smaller innovative projects that can provide support at the community level and test innovative approaches. World Vision and other Australian NGOs have capacity to make effective use of greater AusAID funding in a range of sectors – at this stage AusAID is not yet making full use of this capacity due to a shortage of funds and a number of issues with AusAID administrative processes.
- The sectoral and country expertise of staff in Canberra and at country posts should be significantly improved. As the DAC has pointed out “Securing and developing well-qualified, motivated local and expatriate staff is essential to effectiveness. Quality agencies attract quality staff.”¹⁵
- As several ODE reports have pointed out AusAID needs to broaden its notion of risk management and focus on the risks for the poor as much as on fiduciary risk to the Australian Government. Accountability has to be to poor communities, partner governments and the Australian Government. Accountability to poor communities will involve much more active communication with communities and civil society in partner countries – something that Australian NGOs can help with. At the Australian end the reputation of AusAID as a cost effective organisation will be aided by showing it is saving lives and providing essential services for the poor.
- Gender equity is integral to meeting all the MDGs – AusAID needs to lift its efforts for women even further and make sure that women not only benefit from the aid program but also are equal partners in shaping it. The aid program needs to actively support the needs and rights of women and mechanisms need to be established within AusAID to ensure near equal gender representation in planning, implementation and review of the program. The development discourse is currently dominated by male economists despite 70% of the poor being women.
- Traditional short term humanitarian grant funding for protracted crises is often reactive and fails to provide predictability or allow for the sustainable transition of programming into early recovery and longer term development. Short term funding also does not accommodate the unpredictable nature of operating in complex emergency environments. AusAID should ensure that flexible, appropriate and adequate support is provided to situations of protracted crisis.
- Seek to harness the power of business – support pro-poor business approaches by Australian companies (eg providing health care for mine workers, use of local suppliers for major infrastructure projects, training and recruitment of local staff) and innovative business-based strategies such as Advanced Market Commitments to meet the needs of their poor.
- Reduce the reliance on consultants – effective consultants can be a very useful tool but recent reviews by AusAID indicate that there are still too many being employed and too few resources are reaching the poor. AusAID is in a powerful position to drive consultant costs down.

- Make better use of new technologies including cellular phone communication, new health and educational tools and crowdsourcing. Take early action to respond to significant trends such as urbanization, climate change, population pressures and the growth of the emerging economies.

5. Ensure coherence of development policy and greater international leadership by Australia

Aid is not the only way that Australia can support international development. To maximise Australia's effectiveness as a development player it is critical to increase the coherence of government policy and to ensure whole of government support for development. The position of developing countries and their fortunes are shaped by a wide range of international arrangements in the areas of trade, environment and finance.

One indicator of the coherence of Australia's development policy is the CGD's Commitment to Development Index. This Index assesses donor country performance in seven policy areas. Australia scores well on fair trade policies, support for international security and peace and for investment in developing countries. We receive weaker scores in the areas of aid, openness to migration, environmental sustainability and technology transfer.¹⁶

Australia is an influential middle-level power with significant respect from other nations and is a member of several important international bodies such as the G20, APEC, the Commonwealth and the East Asia Summit. We are also one of the leading donors to the Asia-Pacific. Australia is in a powerful position to promote greater international action on development and to encourage more effective co-ordinated action to reduce poverty and assist developing countries.

Opinion surveys indicate that there is considerable support from Australians for the Government to be a leader in development.¹⁷ Australians' strong commitment to a fair go also indicates that the Australian public would support greater and more effective action for development. They are likely to be especially supportive of actions that help to make the international playing field fairer. The Australian Government has already taken a number of steps to support developing countries through the UN, WTO and the G20. However there is much more that Australia could do. Priorities are:

- Actively work to mediate a pro-poor resolution to the Doha trade round and also ensure tariff free access to exports from low income countries.
- Promote effective coordinated international action on those MDGs that are lagging such as food security and maternal and child health.
- Encourage full funding by all donor countries for effective international aid bodies such as the WHO, GAVI, Global Fund and the Education Fast Track Initiative.
- Support greater action to reduce international corruption and illicit financial flows.
- Help to improve international emergency response protocols and preparations.
- Ensure that intellectual property laws do not damage growth prospects for developing countries.
- Provide opportunities for seasonal workers to work in Australia.¹⁸
- Make better use of Australia's research infrastructure to address developing country needs such as in health and agriculture and through research partnerships between partner country and Australian universities along the lines of the Cambridge University scheme.¹⁹
- Provide leadership to ensure that aid from all donors is adequate, well-targeted and coordinated for countries in the Asia Pacific region.
- Reduce Australia's greenhouse emissions and making appropriate green technologies available to developing countries.

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- ¹ For a graphical summary of progress see http://www.cgdev.org/section/topics/poverty/mdg_scorecards
- ² Canada and the UK already do this - see <http://les.acdicida.gc.ca/servlet/JKMSearchController?desTemplateFile=cpoSearchEn.htm&desClientLocale=enUS&AppID=cpoEn> and <http://www.dfid.gov.uk/About-DFID/Finance-and-performance/Project-information/>
- ³ For a case study see UNICEF et al 2010 *Malaria and Children: progress in intervention coverage*
- ⁴ For example see CGD 2007 *Millions Saved* and the Lancet series on child Survival and maternal health
- ⁵ Commitments estimate is from OECD DAC CRS. Details of requirements calculations available from World Vision Australia.
- ⁶ Based on Australia contributing 2.5% of the global cost estimate in proportion to our share of OECD DAC GNI. The estimate of aid available is based on current forward estimates and Mid-Year Economic and Fiscal Outlook 2010-11.
- ⁷ Assuming that half of the average \$3.1 billion per annum basic service expenditure is applied to life saving interventions at an average cost of A\$2,300 per life saved. This is the average cost per life for Global Fund supported programs, many life saving child interventions are likely to be even less expensive.
- ⁸ See the series of opinion surveys commissioned by AusAID since 1998.
- ⁹ Details of requirements calculations available from World Vision Australia.
- ¹⁰ The recent review of technical assistance in PNG identified hundreds of adviser positions consuming a large proportion of Australia's aid program to that country.
- ¹¹ The 2009 *ARDE* concluded that the Australian aid program has made a great deal of progress in terms of monitoring the performance of its inputs, however progress in supporting the monitoring and evaluation systems of partner countries has not always been as great.
- ¹² See note 8.
- ¹³ OECD DAC *Development Co-operation Report 2011* Statistical Annex Table 25
- ¹⁴ OECD DAC *Development Co-operation Report 2011* Statistical Annex Table 25 and UNICEF Childinfo database
- ¹⁵ OECD DAC *Effective Aid Management Twelve Lessons from DAC Peer Reviews* - <http://www.oecd.org/dataoecd/54/0/40720533.pdf>
- ¹⁶ http://www.cgdev.org/section/initiatives/_active/cdi/
- ¹⁷ See opinion survey commissioned for WVA *Island Nation Report 2009*.
- ¹⁸ The *Final Evaluation Report of the Recognised Seasonal Employment Policy* in New Zealand found very large income gains compared with other development interventions and significant poverty reduction benefits at home - <http://dol.govt.nz/publications/research/rse-evaluation-final-report/rse-final-evaluation.pdf> and innovative strategies eg <http://aidwatchers.com/2010/12/the-secret-to-fighting-poverty-is-new-zealand/>
- ¹⁹ see <http://www.admin.cam.ac.uk/news/dp/2010112202>